(b) if so, the proposal and issues discussed and the outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI I. D. SWAMI): (a) and (b) The tripartite peace talks involving the representatives of the Central Government, the Government of Assam and the Bodo Liberation Tigers were held on 9.1.2002 at New Delhi. The tripartite meeting took stock of the progress made towards an amicable solution to the Bodo issue.

F.D.I. in power sector

*259. SHRI SATISH PRADHAN: Will the Minister of POWER be pleased to state:

(a) whether union government have taken or propose to take any steps for increasing Foreign Direct Investment in power sector with a view to eliminate the gap between demand and supply of power in the country; and

(b) if so, the details thereof?

THE MINISTER OF POWER (SHRI SURESH PRABHU): (a) and (b) The policy to attract and encourage greater investment in the power sector through private sector participation, including Foreign Direct Investment, was announced in 1991 in the background of inability of Government alone to mobilize adequate financial resources given the highly capital intensive nature of the sector and the large incremental capacity addition requirements. The two part tariff notification issued by Government of India (GoI) on 30.3.1992 in exercise of powers conferred by sub-section (2) of Section 43A of the Electricity (Supply) Act, 1948, allows a return of upto 16% on equity (paid up and subscribed) at normative levels of operation *i.e.* 68.5% Plant Load Factor (PLF) to generating companies in the private sector for power projects set up by them. For generation beyond this level, incentive at negotiated rates subject to a ceiling of 0.7% of equity (paid up and subscribed), for each percentage increase in PLF is allowed. 100% foreign equity participation is permitted in generation, transmission and distribution on automatic approval basis, without any upper limit. The Central Electricity

Regulatory Commission (CERC) at the Centre as well as State Electricity Regulatory Commissions in nineteen States have been set up. The Regulatory Commissions will look into all aspects of tariff fixation and provide a level playing field for investors.

In regard to transmission sector, in order to provide comfort to investors, the Power Grid Corporation of India Ltd., proposes to obtain all the initial clearances such as right-of-way, forest clearances etc. for the projects to be offered initially to the private sector. Government has already made the enabling legal amendments for facilitating private investment in transmission. The regulatory framework is also in position to provide a level playing field to all participants. The CERC has issued draft guidelines for competitive bidding as well as the terms and conditions for issue of licenses to private investors.

Power distribution is proposed to be privatized on the basis of an area approach where under licenses would be issued for different areas. GoI has initiated distribution reforms and has signed Memoranda of Understanding with 20 States, under which states have committed for reduction of Transmission & Distribution losses, 100% metering, energy auditing etc. In turn, GoI have offered to assist the States under the Accelerated Power Development Programme (APDP). In the first phase, 63 distribution circles in various States have been taken up for intensive upgradation of sub-transmission and distribution systems. Remaining distribution circles in the country would also be taken up for coverage in a phased manner. The programme to reduce Transmission & Distribution losses and improvement in distribution system would provide considerable opportunities for investment as the process of reform and restructuring of State Electricity Boards gains momentum.